

Virginia Department of Mines, Minerals & Energy
Virginia Gas and Oil Board

|
Minutes and results of hearing, September 20, 2005

Board members present: Ms. Barber, Mr. Brent, Mr. Harris, Mr. McIntyre, Ms. Quillen, Mr. Wampler

1. A petition from Pine Mountain Oil and Gas, Inc. for pooling of coalbed methane unit Watkins 19-CBM Unit 72-AB, Prater District, Buchanan County, Virginia. Docket Number VGOB-05-0920-1495.

In the Watkins 19 CBM Unit AB-72 58.77-acre unit, the operator controls 99.59% of the coal and gas interests, and seeks to pool the remaining 0.41% of the interests. Unleased acreage subject to pooling totals 0.2 net acres in one tract having one unleased owner. There are conflicting owners subject to escrow. A permit application to drill the unit has been submitted. Pooling was approved.

2. A petition from Equitable Production Company for a well location exception for proposed well V-535453, Kenady District, Dickenson County, Virginia. Docket Number VGOB-05-0920-1496.

The applicant seeks an exception in order to drill a conventional well closer to an existing well than allowed under statewide spacing. The proposed well is to be 38 feet closer to existing Equitable gas well V-535456 than the 2500 feet mandated by spacing. The exception is needed because of property owner requirements. A permit for this operation was inadvertently issued on June 22, 2005 and a Stay was placed on the permit when the need for a location exception was brought to DGO's attention. The location exception was approved.

3. A petition from Equitable Production Company for creation and pooling of conventional gas unit V-536100, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-05-0920-1497.

In the V-536100 112.69-acre conventional gas unit, the applicant controls 95.2% of the oil and gas interests, and seeks to pool the remaining 4.8% of the interests. Unleased acreage subject to pooling totals 5.4 net acres in one tract having one unleased owner. There are no unlocated owners subject to escrow. A permit to drill the unit was issued on June 22, 2005. Pooling was approved.

4. A petition from Equitable Production Company for pooling of coalbed methane unit VC-536531, Lipps District, Wise County, Virginia. Docket Number VGOB-05-0920-1498.

In the VC-536531 58.77-acre unit, the applicant controls 100% of the coal interests and 99.1% of the gas interests, and seeks to pool the remaining 0.9% of the gas interests. Unleased gas acreage subject to pooling totals 0.5 net acres in one tract with one unleased owner. There are conflicting claimants subject to escrow. A permit to drill was issued on 3/25/05. Pooling was approved.

5. A petition from Equitable Production Company for pooling of coalbed methane unit VC-536644, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-05-0920-1499.

In the VC-536644 58.77-acre unit, the operator controls 83.1% of the coal and gas interests, and seeks to pool the remaining 16.9% of the interests. Unleased acreage subject to pooling totals 9.95 net acres in one tract having 10 owners who are leased to another operator. There are conflicting owners subject to existing royalty split agreements but no conflicting owners subject to escrow. A permit application to drill the unit has been submitted. Pooling was approved.

6. A petition from Columbia Natural Resources, LLC for a well location exception for proposed well 825614, Prater District, Buchanan County, Virginia. Docket Number VGOB-05-0920-1500.

The applicant seeks an exception in order to drill a conventional well closer to two existing wells than allowed under statewide spacing. The proposed well is to be 125 feet closer to existing CNR gas well 21973, and 284 feet closer to permitted CNR well 865615 than the 2500 feet mandated by spacing. The

exception is needed because of locations approved by coal interests. A permit application has been submitted. The location exception was approved.

7. A petition from Hard Rock Exploration, Inc. for a well location exception for proposed well HRVAE #11, Garden District, Buchanan County, Virginia. Docket Number VGOB-05-0920-1501.

The HRVAE #11 well is to be drilled under Pilgrims Knob Field Rules which specify that no well may be drilled within 1700 feet of another well in the same pool without an exception granted by the Board. The proposed well is to be located 1663 feet from existing well EH-19 because of topographic constraints and coal owner considerations. A spacing exception for this well was approved by the Board in July under Docket number 05-0719-1480 but the well location was subsequently moved. The 1480 order will need to be withdrawn. The location exception was approved.

8. A petition from Hard Rock Exploration, Inc. for pooling of conventional gas unit HRVAE #12, PK K-20, Garden District, Buchanan County, Virginia. Docket Number VGOB-05-0920-1502.

In the HRVAE #12, K-20 180-acre conventional gas unit, the applicant controls 39.3% of the oil and gas interests, and seeks to pool the remaining 60.1% of the interests. Unleased acreage subject to pooling totals 109.2 net acres in four tracts having five owners who are leased to a different operator. There are no unlocated owners subject to escrow. No permit application has been submitted. Continued to the October hearing.

9. A petition from Dart Oil & Gas Corporation for pooling of Abbs Valley conventional gas unit 27, Sherman #1, Clearfork District, Tazewell County, Virginia. Docket Number VGOB-05-0920-1503.

In the Sherman #1 Abs Valley 27 200-acre conventional gas unit, the applicant controls 93.2.0% of the oil and gas interests, and seeks to pool the remaining 6.8.0% of the interests. Unleased acreage subject to pooling totals 16.0 net acres in six tracts having six unleased owner. There are no unlocated owners subject to escrow. No permit application has been submitted. Pooling order was approved.

10. The Board will receive corrective testimony from Appalachian Energy regarding previously pooled Unit AE 149, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-05-0621-1472.

Applicant submitted a draft order that contained numbers not in agreement with testimony. That testimony is to be corrected. The testimony was corrected and approved.

11. A petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties on Tract 3, unit N-39, Garden District, Buchanan County, Virginia. Docket Number VGOB-00-0321-0775-01.

Conflicting owners in VGOB Tract 3 have entered into an agreement to divide funds attributable to that tract and to receive direct payment of future royalties according to the agreement. Disbursement was approved and the account can be closed.

12. A petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties on Tract 2, unit N-40, Garden District, Buchanan County, Virginia. Docket Number VGOB-93-0420-0358-01.

Conflicting owners in VGOB Tracts 2,5,6,7 have entered into an agreement to divide funds attributable to that tract and to receive direct payment of future royalties according to the agreement. The disbursement was approved and the account can be closed.

13. A petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties on Tract 3, unit N-41, Garden District, Buchanan County, Virginia. Docket Number VGOB-93-0420-0359-01.

Conflicting owners in VGOB Tract 3 have entered into an agreement to divide funds attributable to that tract and to receive direct payment of future royalties according to the agreement. Disbursement was approved.

14. A petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties on Tract 1, unit O-40, Garden District, Buchanan County, Virginia. Docket Number VGOB-93-0420-0361-02.

Conflicting owners in VGOB Tract 1 have entered into an agreement to divide funds attributable to that tract and to receive direct payment of future royalties according to the agreement. Disbursement was approved.

15. A petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties on Tracts 2 and 3, unit O-41, Garden District, Buchanan County, Virginia. Docket Number VGOB-93-0420-0362-01.

Conflicting owners in VGOB Tracts 2,3,5 and 6 have entered into an agreement to divide funds attributable to that tract and to receive direct payment of future royalties according to the agreement. Disbursements were approved.

The deadline for filing petitions to the Board for the October hearing is 5 p.m., Friday, September 16, 2005 with the hearing scheduled for 9 a.m. on Tuesday, October 18, 2005 at the Southwest Virginia Higher Education Center, Abingdon, Virginia.